E-006-13

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name Decatur Healthcare, LLC
Address 1700 E. Lake Shore Drive
City Decatur Zip Code 62521 County Macon
Name of current licensed entity for the facility Decatur Healthcare, LLC
Does the current licensee: own this facility ____ OR lease this facility X (if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
X Limited Liability Company ____ Other, specify ____
Illinois State Senator for the district where the facility is located: Sen. Andy Manar
State Senate District Number 48 Mailing address of the State Senator 517 State Capitol Building, Springfield, IL 62706
Illinois State Representative for the district where the facility is located: Rep. Sue Scherer
State Representative District Number 96 Mailing address of the State Representative E-2 Stratton Office Building, Springfield, IL 62706

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes □ No **X**. If yes, refer to Section 1130.520(f), and indicate the projects by Project # n/a

3. **FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE** (Complete "APPENDIX A" attached to this application)

4. **FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100** (Complete "APPENDIX A" attached to this application)

5. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis
Address 1800 E. Lake Shore Drive
City, State & Zip Code Decatur, IL 62521
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____

6. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis
Address 1800 E. Lake Shore Drive
City, State & Zip Code Decatur, IL 62521
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental ____
Limited Liability Company ____ Other, specify ____

7. **BUILDING/SITE OWNERSHIP.** NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY
Exact Legal Name of Entity That Will Own the Site St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis
Address 1800 E. Lake Shore Drive
City, State & Zip Code Decatur, IL 62521
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____

CO-APPLICANTS

Exact Legal Name of Applicant Hospital Sisters Health System
Address 4936 LaVerna Road
City, State & Zip Code Springfield, IL 62707
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
__X__ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

8. **TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:**
   - X Purchase resulting in the issuance of a license to an entity different from current licensee;
   - ☐ Lease resulting in the issuance of a license to an entity different from current licensee;
   - ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee;
   - ☐ Stock transfer resulting in no change from current licensee;
   - ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
   - ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
   - ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
   - ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
   - ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
   - ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
   - ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

9. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for $2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1.**

10. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2.**

11. **ANTICIPATED ACQUISITION PRICE: $** 865,000

12. **FAIR MARKET VALUE OF THE FACILITY: $** 865,000
    (to determine fair market value, refer to 77 IAC 1130.140)

13. **DATE OF PROPOSED TRANSACTION:** On or before June 30, 2013

14. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3.**

15. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4.**

16. **TRANSACTION DOCUMENTS.** Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5.**

17. **FINANCIAL INFORMATION** (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition **and** to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6.**

18. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

    Name: Mark Swearingen, Esq.,Hall, Render, Killian, Heath & Lyman, P.C.
    Address: One American Square, Suite 2000
    City, State & Zip Code: Indianapolis, IN 46282
    Telephone (317) 977-1458 Ext. _____

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.
Name: Amy K. Bulpitt, Vice President Legal Affairs, Central Illinois Division
Address: 800 East Carpenter Street
City, State & Zip Code: Springfield, IL 46279
Telephone (217) 544-6464 Ext. 48336

20. **CERTIFICATION**
I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer

Typed or Printed Name of Authorized Officer Kevin F. Kast

Title of Authorized Officer: President/Chief Executive Officer

Address: 1800 East Lake Shore Drive

City, State & Zip Code: Decatur, IL 62521

Telephone (217) 464-2473 Date:

NOTE: complete a separate signature page for each co-applicant and insert following this page.

CO-APPLICANT CERTIFICATION

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer Larry P. Schumacher

Typed or Printed Name of Authorized Officer Larry P. Schumacher

Title of Authorized Officer: Chief Operating Officer

Address: 4936 LaVerna Road

City, State & Zip Code: Springfield, IL 62707

Telephone (217) 523-4747 Date: _____

APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME Decatur Healthcare, LLC CITY: Decatur

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

   ☐ Hospital; ☐ Long-term Care Facility; ☐ Dialysis Facility; **X** Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	_____	Nursing Care	_____
Obstetrics	_____	Shelter Care	_____
Pediatrics	_____	DD Adults*	_____
Intensive Care	_____	DD Children**	_____
Acute Mental Illness	_____	Chronic Mental Illness	_____
Rehabilitation	_____	Children's Medical Care	_____
Neonatal Intensive Care	_____	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: _____

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

   _____ Cardiac Catheterization
   _____ Subacute Care Hospital Model
   _____ Selected Organ Transplantation
   _____ Open Heart Surgery
   _____ Kidney Transplantation
   _____ Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

   Indicate (by placing an "X") if the facility is a ☐ limited or **X** multi-specialty facility and indicate the surgical specialties provided.

   _____ Cardiovascular
   _____ Dermatology
   _____ Gastroenterology
   __X__ General/Other (includes any procedure that is not included in the other specialties)
   _____ Neurological
   _____ Obstetrics/Gynecology
   __X__ Ophthalmology
   _____ Oral/Maxillofacial
   _____ Orthopedic
   _____ Otolaryngology
   _____ Plastic Surgery
   _____ Podiatry
   _____ Thoracic
   _____ Urology

ATTACHMENT #1

[APPLICATION FEE ENCLOSED]

ATTACHMENT #2

FUNDING

This project will be funded through existing cash reserves of St. Mary's Hospital.

ATTACHMENT #3

NARRATIVE DESCRIPTION

St. Mary's Hospital in Decatur intends to purchase an existing licensed ambulatory surgical treatment center. That ASTC also is located in Decatur in space that is owned by St. Mary's and leased to the ASTC. The ASTC currently is licensed to Decatur Healthcare, LLC under license number 7002637. The ASTC is a multi-specialty surgical center that has provided general surgery services and ophthalmologic surgery services. Thomas Pliura, M.D. is the majority and controlling owner of the ASTC and is responsible for its day-to-day management and oversight.

The transaction will take the form of an asset purchase. St. Mary's will not acquire the debts and other liabilities and obligations of the ASTC. After the acquisition, St. Mary's intends to operate the ASTC, and may in the future own and/or operate the ASTC with physicians. To the extent that any such future arrangements requires a filing with the Illinois Health Facilities Planning Board, St. Mary's will make such filing in a timely manner.

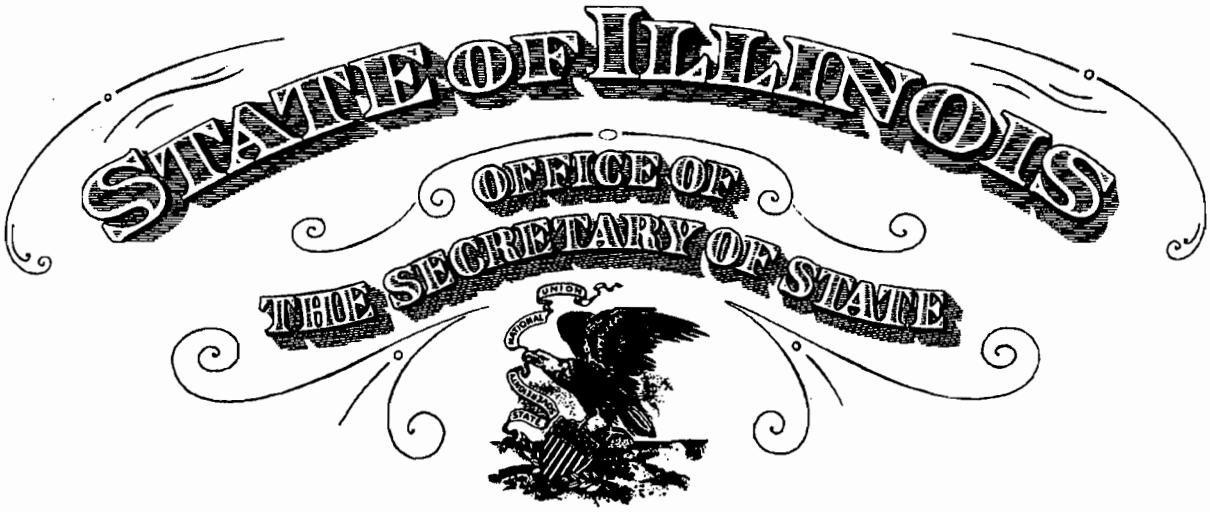
St. Mary's will purchase the assets of the ASTC for the price of $865,000.

ATTACHMENT #4

See attached Certificates of Good Standing for the following entities:

1. St. Mary's Hospital of the Hospital Sisters of the Third Order of St. Francis
2. Hospital Sisters Health System

File Number 3528-159-2



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

ST. MARY'S HOSPITAL, DECATUR, OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST. FRANCIS, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 03, 1955, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 1308102116

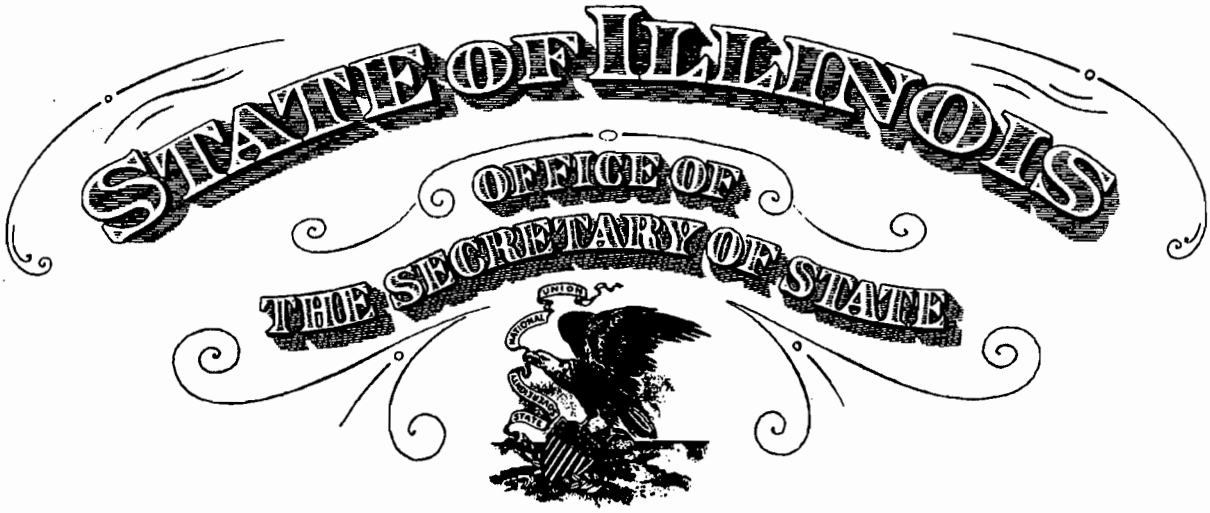
Authenticate at: http://www.cyberdriveillinois.com

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* MARCH *A.D.* 2013 .

Jesse White

SECRETARY OF STATE

File Number 5163-355-5



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

HOSPITAL SISTERS HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 26, 1978, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 1308102100

Authenticate at: http://www.cyberdriveillinois.com

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* MARCH *A.D.* 2013 .

Jesse White

SECRETARY OF STATE

ATTACHMENT #5

Attached please find the Term Sheet between St. Mary's Hospital and Thomas Pliura, M.D., both in his individual capacity and as a representative of the ASTC, dated December 31, 2012, as well as the Confidential Amendment to Term Sheet between the parties effective January 22, 2013. Complete transaction documents, including all exhibits and schedules, will be provided as soon as they have been executed.

CONFIDENTIAL
FOR DISCUSSION ONLY

Term Sheet for Proposed Purchase
of Decatur Health Care, LLC
Revised 12.17.12

1. **Background.**

1.1 **Current ASC Ownership.** Decatur Health Care, LLC (the "ASC") is an Ambulatory Surgical Treatment Center licensed and in good standing in the State of Illinois, and a participating provider in Medicare. Thomas Pliura, M.D. is the majority and controlling owner. The ASC is organized as an Illinois limited liability company.

1.2 **Purchase of ASC.** St. Mary's Hospital, or an entity in which Hospital has ownership, (the "Hospital") proposes to purchase all of the ownership of the ASC from Dr. Pliura and the other owners (the "Physician Owners") at fair market value price of $865,000.

2. **Description of the Transaction.** The Transaction involves the following steps:

2.1 **Sale of ASC.** Dr. Pliura and the Hospital will enter into a Purchase Agreement in which Dr. Pliura will sell his ownership in the ASC to the Hospital at a fair market value price of $865,000. Except as otherwise agreed in the Purchase Agreement, the ASC would remain responsible for current contracts, leases, and any other agreements to which ASC is currently a party. The parties acknowledge that the ASC may terminate the current management agreement, and may terminate other contracts. Also, except as otherwise agreed in the Purchase Agreement, the ASC would remain responsible for all debts of the ASC. The decisions regarding assumption of debt and termination of contracts will be made after diligence is complete. The Purchase Agreement would include other reasonable and necessary terms and conditions for the purchase of the ASC.

2.2 **Governing Documents.** The governing documents of the ASC would be amended, as necessary, to reflect the ownership of the Hospital.

2.3 **Approvals.** The transaction is subject to the Hospital obtaining the necessary corporate approvals, including but not limited to approval from the Hospital's Board and the HSHS Board. The Hospital has not obtained approval from HSHS or the Hospital Board of Directors for this transaction. In addition, prior to making any commitment to acquire the ASC, the Hospital must seek and obtain all necessary regulatory

approvals, if any, including but not limited to approval by the Certificate of Need (CON) Board for the change of ownership of the ASC .

2.4 **Due Diligence.** An inspection (due diligence) of the ASC will need to be conducted before purchase, including but not limited to a billing and coding audit. The transaction is subject to the Hospital completing due diligence on the ASC.

2.5 **Non-Compete.** Each Physician Owner will be subject to an appropriate covenant not to compete that will protect the interests of the Hospital and the ASC. In general terms, the non-compete will prevent the Physician Owners from owning or managing a facility that provides services in competition with the ASC or the Hospital. The non-compete will not affect the Physician Owners' ability to provide professional services as a physician.

2.6 **Indemnification for Pre-Closing Liabilities.** The Purchase Agreement will contain reasonable indemnification from the Physician Owners who sell their ownership to protect the Hospital against pre-closing liabilities.

3. **Closing Date.** The parties will use best efforts to reach an agreement, obtain all necessary approvals, and complete the purchase of the ASC within one hundred and twenty (120) days.

4. **Confidentiality.** This Term Sheet, the discussions of the parties, and the terms and conditions of the Purchase Agreement, are confidential. Dr. Pliura, the ASC, and the Hospital agree to maintain the discussions and the documents as confidential. No party will distribute this Term Sheet to any person other than their employees or agents who have a need to know, or their legal or financial advisors.

5. **Exclusive Dealings.** Hospital and Dr. Pliura agree to negotiate exclusively and in good faith with each other regarding the purchase of the ASC by Hospital. During the term of this Agreement, Dr. Pliura shall not directly or indirectly enter into or pursue any discussions, arrangements, or negotiations (and will not encourage or assist others to do so) with any other person or entity regarding the purchase of the ASC.

6. **Term.** This Term Sheet shall be effective on the date of the last signature below and shall continue for a period of one hundred and eighty (180) days thereafter.

St. Mary's Hospital
"Hospital"

By: _____
Kevin F. Kast, President and CEO

Date: 12-18-12

Thomas Pliura, M.D.

Signed: _____

Date: 12-31-12

7. **Miscellaneous.** It is the expectation and intention of the parties they will promptly develop, draft, and sign binding documents including a binding Purchase Agreement, obligating the parties to close on the purchase of Decatur HealthCare, L.L.C. in the near future, contingent upon any necessary governmental agency approval.

Notwithstanding anything else contained herein to the contrary, in the event binding documents including a binding Purchase Agreement are not signed by the parties on or before February 15, 2013, then this agreement including Section 5 (Exclusive Dealings) shall immediately become null and void. Thomas Pliura, M.D. shall thereafter be free to deal with any other persons or entities regarding the sale of Decatur HealthCare, L.L.C.

During the term of this agreement Decatur HealthCare, L.L.C. shall not be obligated to pay any rental or facility payments to St. Mary's Hospital after December 31, 2012, pending the expected and anticipated sale. Rental payments shall be tolled until the closing of the purchase of Decatur HealthCare, L.L.C. by St. Mary's Hospital, or alternatively until notice by St. Mary's Hospital that it does not intend to proceed with the purchase.

St. Mary's agreement: _____

Thomas Pliura, M.D. _____
12/31/12

CONFIDENTIAL
AMENDMENT TO TERM SHEET
FOR PURCHASE OF ASSETS OF
DECATUR HEALTH CARE, LLC
January 16, 2013

WHEREAS, St. Mary's Hospital ("Hospital") and Thomas Pliura, M.D. ("Dr. Pliura") entered into a Term Sheet for the purchase of Decatur Health Care, LLC (the "ASC") that was effective December 31, 2012; and,

WHERES, the parties desire to amend the Term Sheet to make certain commitments binding.

NOW, THERERFORE, the parties agree to amend the Term Sheet as follows:

1.0 **April 15, 2013**. The parties shall make a good faith effort to enter into a binding Purchase Agreement on or before April 15, 2013. Prior to execution of the Purchase Agreement, Hospital will have obtained the necessary approvals. However, the Purchase Agreement may contain two (2) contingencies. First, the consummation of the purchase of the ASC shall be contingent upon the CON/COE approval by the Illinois Health Planning Board for the change of ownership of the ASC. Second, the consummation of the purchase of the ASC shall be contingent on completion of a billing and coding audit, and other reasonable diligence, with a report containing findings that are satisfactory to Hospital. Until April 15, 2013 (the "Exclusive Period"), the Hospital (or a related entity) shall have the exclusive right to purchase either 100% of the membership units ("Units") or the assets ("Assets") of the ASC. The Hospital shall not acquire the debts and other liabilities and obligation of the ASC, except as expressly agreed in the Purchase Agreement. During the term of this Amendment, Dr. Pliura shall not directly or indirectly enter into or pursue any discussions, arrangements, or negotiations (and will not encourage or assist others to do so) with any other person or entity regarding the purchase of the ASC.

2.0 **Payment to Dr. Pliura**. Hospital agrees to pay Dr. Pliura the sum of $10,000 on or near the date of execution of this Amendment, and $10,000 for each full month of February and March, 2013, in exchange for the exclusive right to purchase the Units or the Assets during the Exclusive Period at the agreed upon purchase price. The $10,000 monthly payments shall be paid on or near the 1st of the month following the month for which the payment is due (e.g., payment on or near March 1st as payment for February). If a Purchase Agreement is executed, or if this Amendment is terminated, resulting in a partial month (e.g., because Hospital fails to obtain approvals), then Dr. Pliura shall only be entitled to a pro rata payment of the $10,000 for the partial month from the Hospital. If Hospital terminates because it determines it cannot obtain the approvals noted in Section 1.0 of this Amendment, then Hospital shall provide Dr. Pliura notice within five (5) days of such determination. The pro rata portion of the $10,000 to be paid to Dr. Pliura shall include those days up to the date of the notice. The Hospital shall have the right to extend the Exclusive Period for up to two (2) additional months at the cost of $10,000 per month.

3.0 **Breach by Dr. Pliura**. If the Term Sheet or this Amendment is terminated by either party due to a breach by Dr. Pliura, then Dr. Pliura shall repay Hospital in full any

amounts paid pursuant to this Amendment. If Dr. Pliura does not breach the Term Sheet or this Amendment, then Hospital shall not be entitled to a repayment of any amounts from Dr. Pliura.

4.0 **Purchase Price.** The parties have agreed to a purchase price of $865,000 for the Units or the Assets. The parties further agree that the purchase price shall be reduced by the amount of any payments made pursuant to this Amendment. The Purchase Agreement will include reasonable and necessary terms and conditions for the purchase of the Units or the Assets.

5.0 **Confidentiality.** The Term Sheet, this Amendment, the discussions of the parties, and the terms and conditions of the Purchase Agreement, are confidential. Dr. Pliura, the ASC, and the Hospital agree to maintain the discussions and the documents as confidential and agree that no party will distribute such information to any person. Provided, however, the parties may inform their employees or agents who have a need to know, and their legal or financial advisors, and Hospital may inform potential physician investors in the ASC.

6.0 **Term.** This Amendment shall be effective on the date of the last signature below and shall continue in effect until April 15, 2013, or any period thereafter that this Amendment is extended. This Amendment may be terminated for breach, by agreement of the parties, or with written notice if Hospital fails to obtain the necessary approvals to purchase the Units or Assets.

7.0 **Term Sheet.** The terms of the Term Sheet not amended by this Amendment shall remain in effect.

St. Mary's Hospital
"Hospital"

By: _____
Kevin F. Kast, President and CEO

Date: 1-22-13

Thomas Pliura, M.D.
Individually and as an
authorized representative of the ASC

Signed: _____
Thomas Pliura, M.D.

Date: 1/18/13

ATTACHMENT #6

Evidence of bond rating is attached.

FitchRatings

FITCH AFFIRMS HOSPITAL SISTERS SERVICES, INC., IL'S OUTSTANDING BONDS AT 'AA-/F1+'; OUTLOOK STABLE

Fitch Ratings-Chicago-08 March 2011: As part of its ongoing surveillance review process, Fitch Ratings has affirmed the 'AA-' rating on approximately $346.9 million Illinois Finance Authority and approximately $205.3 million Wisconsin Health and Educational Facilities Authority revenue bonds issued on behalf of Hospital Sisters Services, Inc (HSSI). In addition, Fitch affirms the 'F1+' short-term rating on approximately $87.3 million Wisconsin Health and Educational Facilities Authority series 2003B and series 2008B revenue bonds and approximately $108.9 million Illinois Finance Authority series 2008A revenue bonds based on the sufficiency of internal liquidity provided by HSSI.

The Rating Outlook is Stable.

RATING RATIONALE:
--The 'AA-' rating reflects HSSI's robust liquidity position, which provides a strong financial cushion against marginal operating performance and the risks associated with its variable rate debt exposure.
--Operating profitability was depressed in fiscal 2010 and through the six-month interim period ended Dec. 31, due to the corporation's heavy investment in physician practices and physician alignment strategies.
--HSSI's light debt burden combined with investment income generated from its sizable balance sheet has allowed for solid historical debt service coverage even with modest operating profitability, however, coverage by operating EBITDA is adequate.
--The credit concerns remain HSSI's location in mid-sized markets with stagnant growth, the concentration of system revenue at St. John's, the flagship hospital in Springfield, and its reliance on its five Wisconsin hospitals to cover losses at four of its eight Illinois facilities.

KEY RATING DRIVERS:
--Maintain robust liquidity position while physician acquisitions and additions are integrated into the system.
--Realization of benefits related to its employed physician strategy and continuation of operational improvement initiatives including supply chain, labor productivity, and revenue cycle management.

SECURITY:
A pledge of gross receipts of HSSI.

CREDIT SUMMARY:
The 'AA-' rating reflects the benefits of HSSI's robust balance sheet and light debt burden, adequate historical profitability and solid debt service coverage by EBITDA. Liquidity indicators are strong and are considered a primary credit strength. At Dec. 31, 2010, HSSI's unrestricted cash and investments totaled $1.34 billion, which translates into 269.4 days cash on hand (DCOH), a cushion ratio 38.2 times (x) and cash-to-debt of 236%; all of which well exceed Fitch's respective 'AA' category medians of 214.7 DCOH, 19.6x and 149.9%. HSSI's debt burden is modest as maximum annual debt service (MADS) represents a light 1.7% of revenue and debt to capitalization of 22.7%, which both compare favorably to Fitch's 'AA' medians of 2.6% and 34%, respectively.

Operating profitability declined in fiscal 2010 as weaker volumes and the increased costs related to HSSI's investment in physician practices weakened system financial performance. Inpatient admissions declined 4.8% in fiscal 2010 while surgical volumes were virtually flat from the prior year. During fiscal 2010, HSSI increased the number of employed physician full time equivalents (FTEs) from 63 to 156 by year end. Through the six month interim period ended Dec. 31, 2010, an additional 50 physician FTEs have been added. Along with the acquisition of established physician practices, HSSI has many newly recruited physicians, which requires start up costs. While the

investment in physicians' practices is expected to depress profitability in fiscal 2011, Fitch believes HSSI's physician alignment strategy is critical to protecting its market position in its service areas.

In fiscal 2010, HSSI produced $42.6 million in savings from system-wide initiatives including supply chain management, labor cost management and revenue cycle initiatives and is projecting $62.5 million in savings in fiscal 2011. Despite this, HSSI's operating and operating EBIDTA margins were 0.9% and 7.2% on total revenues of $1.89 billion, below the 'AA' category median of 3.7% and 10.3%, respectively and down from fiscal 2009 results. In addition, without provider tax revenue ($20 million), HSSI would have had unprofitable operations in fiscal 2010. Due to HSSI's continued physician investment, fiscal 2011 operating income is budgeted to be $16.5 million and performance through the six months ended Dec. 31, 2010 was -$13.7 million operating income and -1.4% operating margin.

Credit concerns continue to be HSSI's location in mid-sized markets with little projected population growth, the concentration of system revenue at one facility, and its reliance on its Wisconsin operations to cover losses at its Illinois facilities. The continued operating losses reported at St. John's-Springfield, which accounted for about 22% of total system revenues in fiscal 2010, are troubling. St. John's has recorded losses from operations over the last three years averaging about $16.1 million per year, and is projected to lose another $25 million in fiscal 2011. However, HSSI has an operating improvement plan currently under way at the facility, including an extensive project to rebuild surgery and four patient floors, which is expected to result in breakeven operations by fiscal 2015. The financial health of St. John's is critical to the overall operating success of the system. Historically, HSSI's more profitable Wisconsin operations have offset the weaker performance of the Illinois facilities. Any deleterious change to the Wisconsin healthcare operating environment would likely place pressure on HSSI's already low operating margins and be a negative credit factor.

The 'F1+' short-term rating reflects the sufficiency of HSSI's cash and investments available to fund the series 2008A&B and series 2003B bonds while in a unit pricing (commercial paper) mode. At Jan. 31, 2011, after assigning appropriate discounts based on underlying ratings and maturity of its holdings (per Fitch's rating criteria related to self liquidity [see Fitch's report 'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity' dated Dec. 29, 2009]), HSSI had liquid cash and fixed income investments of approximately $652.8 million. Based on Fitch's criteria, HSSI's eligible cash and investments would cover the entire cost of any un-remarketed roll over of the series 2008 A&B bonds and 2003B bonds while in a unit pricing mode by at least 3.4x, well above the required threshold of 1.25x to achieve the 'F1+' short-term rating. The system has written procedures in place to ensure payment on the series 2008A&B and 2003B bonds and provides Fitch monthly investment reports which are used to monitor its cash and investment position available for self liquidity.

The Stable Outlook reflects the system's significant balance sheet strength and the strategies in place to create sustained operating improvements, including a physician alignment strategy. Although Fitch is tolerant of the temporary decline in operating profitability due to the investment in its physician practice strategy, a prolonged period of poor operations could pressure the rating.

HSSI is composed of 13 inpatient hospitals, with eight facilities in Illinois and five facilities in Wisconsin. In fiscal 2010, the system had 2,041 beds in operation and net patient revenue of $1.82 billion. HSSI covenants to provide bondholders with audited annual information within 120 days of fiscal year-end and unaudited quarterly statements within 45 days of quarter-end to the national recognized municipal securities information repositories and through Digital Assurance Certification, L.L.C. The content of HSSI's disclosure to-date has been excellent and includes a balance sheet, income statement, cash flow statement, utilization statistics, and management discussion and analysis.

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Additional information is available at 'www.fitchratings.com'

In addition to the sources of information identified in the U.S. Municipal Revenue-Supported Rating Criteria, this action was additionally informed by information from the Underwriter and HSSI.

Applicable Criteria and Related Research:

--'Revenue-Supported Rating Criteria', dated Oct. 8, 2010;
--'Nonprofit Hospitals and Health Systems Rating Criteria', dated Dec. 29, 2009;
--'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity', dated Dec. 29, 2009.

For information on Build America Bonds, visit www.fitchratings.com/BABs.

Applicable Criteria and Related Research:
Revenue-Supported Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=564565
Nonprofit Hospitals and Health Systems Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=493186
Criteria for Assigning Short-Term Ratings Based on Internal Liquidity
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=493176

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ATTACHMENT #7

VERIFICATIONS

In compliance with the rules of the Health Facilities Services and Review Board (the "board"), St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis ("St. Mary's"), provides the following verifications in connection with the change of ownership (the "Project") of Decatur Healthcare, LLC (the "Facility"):

1. Categories of Service. Pursuant to §1130.520(b)(1) of the Board rules, St. Mary's hereby verifies that the categories of service and number of beds at the Facility, as reflected in the Inventory of Health Care Facilities, will not substantially change for at least twelve (12) months following the Project's completion date.

2. Three-Year Ownership. Pursuant to §1130.520(b)(5) of the Board rules, St. Mary's hereby verifies that it intends to maintain ownership and control of the Facility for a minimum of three (3) years.

3. Completion of Project. Pursuant to §1130.520(b)(8) of the Board rules, St. Mary's hereby verifies that it understands that failure to complete the Project in accordance with the applicable provisions of §1130.570 of the Board rules, no later than twelve (12) months from the date of exemption approval (or by a later date established by the Board upon a finding that the project has proceeded with due diligence) and failure to comply with the material change requirements of §1130.520(b)(8), will invalidate the exemption.

Signature of Authorized Officer: _____

Name of Authorized Officer: Kevin F. Kast

Title of Authorized Officer: President/Chief Executive Officer

St. Mary's Hospital
1800 East Lake Shore Drive
Decatur, Illinois 62521

DATE	CHECK NO.
03/26/13	260013

SMDT I100080 CL

DATE	INVOICE/CREDIT MEMO	TYPE	DESCRIPTION	GROSS	DISCOUNT	NET
032613	ASC APP FEE CHECK TO BE PICKED UP			250 00		250 00
THE ATTACHED CHECK IS IN PAYMENT FOR THE ITEMS DESCRIBED ABOVE			TOTAL	250 00		250 00

TO VERIFY AUTHENTICITY, SEE REVERSE SIDE FOR DESCRIPTION OF THE 11 SECURITY FEATURES

VOID VOID VOID

St. Mary's
HOSPITAL
DECATUR, ILLINOIS
AN AFFILIATE OF HOSPITAL SISTERS HEALTH SYSTEM

GENERAL FUND
Harris Central N.A.
Roselle, Illinois

70-1558
719

CHECK NUMBER
260013

DATE	AMOUNT
03/26/13	******2,500.00

PAY TWO THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS

TO THE ORDER OF
IL DEPT PUBLIC HEALTH
PO BOX 4263
SPRINGFIELD IL 62708-4263

VOID AFTER 6 MONTHS

Authorized Signature

⑈0002600 13⑈ ⑆071915580⑆ 04⑈399⑈747⑈5⑈

ACCOUNTS PAYABLE
St. Mary's Hospital
1800 East Lake Shore Drive
Decatur, Illinois 62521

RETURN SERVICES REQUESTED

IL DEPT PUBLIC HEALTH
PO BOX 4263
SPRINGFIELD IL 62708-4263